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Report Documents the Increasing Criminalization of Homelessness

As rising rates of homelessness outpace the ability to provide shelter, there is a growing trend toward applying harsh policies toward homeless individuals at local levels across the country. The criminal justice system is increasingly used by cities to penalize many activities of the homeless that result from their inability to access services for food and shelter.

A report from the National Law Center on Homelessness and Poverty and the National Coalition for the Homeless documents cities' responses to homelessness. The report includes a summary of the cities with the worst record related to criminalizing homelessness, as well as descriptions of initiatives in some cities that constitute more constructive approaches, using results of research regarding laws and practices in 273 cities around the country, as well as descriptions of lawsuits from various jurisdictions in which those measures have been challenged. According to the report:

- Homelessness is on the rise, as evidenced by reports from cities, and a 25-city survey that found a 12-percent average increase in homelessness in 2008.
- Cities have responded to the increase with measures that criminalize homelessness and poverty. Such measures include:
 - Legislation that makes it illegal to sit, sleep, or store personal belongings in public spaces.
 - Selective enforcement of loitering, jaywalking, or open container laws against homeless persons.
 - Sweeps of city areas where homeless persons are concentrated that can include the destruction of personal property and documents.
 - Penalties for begging or panhandling.
 - Enactment and enforcement of laws that restrict groups from sharing food with homeless persons in public spaces.
 - Enforcement of a wide range of so-called "quality of life" ordinances related to public activities and hygiene (i.e. public urination) even when no public facilities are available to people without housing.
- Of the 235 cities surveyed for the report, 33 percent prohibit "camping" in particular public spaces, and 17 percent have citywide camping

prohibitions. Thirty percent prohibit sitting or lying in particular public spaces, and 47 percent prohibit loitering in certain public spaces.

- Since a similar survey completed in 2006, there has been a 7 percent increase in city prohibitions on camping in public spaces, an 11 percent increase in laws prohibiting loitering, and a 6 percent increase in prohibitions on begging.

The authors cite research confirming that jail costs are two to three times higher than permanent supportive housing or shelter costs. In addition, the report states that successful litigation has shown that, “many of the practices and policies that punish homeless people for the public performance of life-sustaining activities violate homeless persons’ constitutional rights.”

The report, *Homes Not Handcuffs: The Criminalization of Homelessness in U.S. Cities*, is available at <http://www.nationalhomeless.org>.

Lack of a Safety Net Leads to Increasing Credit Card Debt for Vulnerable Families

A recent report examines the level of credit card debt, reasons for the debt, and strategies for reducing debt among low- and middle-class households. The report presents findings from a survey of low- and middle-income households conducted between April and August 2008. The respondents all had credit card debt of at least 3 months, and are representative of 41 million people in 15 million households, or 45 percent of low- and middle-income households, who have at least 3 months’ worth of credit card debt.

Among the report’s findings:

- Among low- and middle-class households with credit card debt, the average debt in 2008 was \$9,827, compared to \$9,536 in a 2005 survey.
- More than one in four surveyed households had over \$10,000 in credit card debt.
- For survey respondents aged 65 and older, credit card debt increased by 26 percent from 2005 to 2008. The authors attribute this to the downturn in the economy in 2008, and its effect on retirement savings.
- From 2005 to 2008, Latino households went from having the lowest rate (\$7,091) of credit card debt by race/ethnicity to having the highest rate (\$10,002), an increase of 41 percent. The authors suggest the higher numbers of adults in Latino households, and the targeting of Latino households for costly credit cards with high interest rates and fees, may explain this shift, but further research is necessary to fully understand it.
- One in four households reported paying 20 percent interest or more on their credit card debt. Nearly one-third of Latino and African-American households paid interest rates higher than 20 percent, but less than one-

- quarter of white households had such interest rates.
- Three out of four low- to middle-income households reported using their credit cards as a safety net to pay for essential needs. In addition, 37 percent reported relying on credit cards to cover basic living expenses, including rent, mortgage payments, groceries, utility payments, or insurance.
 - Families with the highest ratio of a outstanding credit card debt compared to annual income (the highest “debt-stress level”) were most likely to have accrued their debt by relying on credit cards to cover basic living expenses.
 - More than half (52 percent) of households with credit card debt cited medical expenses as contributing to their credit card debt. Out-of-pocket medical expenses were the most frequently reported expense contributing to the debt.
 - In order to reduce medical expenses, 36 percent of households did not go to see a doctor for a medical problem; 33 percent did not fill, or postponed filling, a medical prescription; and 30 percent skipped a medical test, treatment, or follow-up.

Universal savings accounts, targeted tax credits, as well as policies to combat predatory lending practices, are some of the recommendations made in the report. Also recommended are:

- Modernizing the unemployment insurance system to cover more low-wage workers who are most likely to lack financial resources that could see them through a period of unemployment.
- Enacting the Employee Free Choice Act (See May 2009 CFFPP Policy Briefing for a summary) and expanding the Earned Income Tax Credit to cover more childless workers.
- Addressing rising health care costs and the growing population with no health insurance benefits.
- Ensuring fair lending practices. The Credit Card Accountability and Disclosure (CARD) Act of May 2009 sets some new limits on lending practices, but a new agency proposed by the Obama administration would make significant improvements to the current oversight of lending practices, particularly as they are targeted to communities of color.

The report, *The Plastic Safety Net: How Households Are Coping in a Fragile Economy*, is available at www.demos.org.

Income Gap between Rich and Poor Grows to Record Level

An analysis of income trends finds that the gap between the rich and the poor has become wider than at any time since 1917. The report finds that:

- The share of total income going to the top 10 percent (families with income above \$109,600) in 2007 was 49.7 percent, the highest level since 1917.

- Families with incomes in the top 1 percent (income above \$398,900) captured about half of the overall economic growth over the period 1993-2007.
- The share of total wages and salaries earned by the top 1 percent wage income earners has jumped from 5.1 percent in 1970 to 12.4 percent in 2007.
- While families with income in the bottom 99 percent had their income grow at the rate of 2.7 percent per year from 1993–2000, these incomes grew less than 1 percent per year from 2002–2006. Therefore, in the economic expansion of 2002-2006, the top 1 percent captured almost three-quarters of all income growth.

The author suggests that, “a number of factors may help explain this increase in inequality, not only underlying technological changes but also the retreat of institutions developed during the New Deal and World War II - such as progressive tax policies, powerful unions, corporate provision of health and retirement benefits, and changing social norms regarding pay inequality.”

The report, *Striking it Richer: The Evolution of Top Incomes in the United States (Update using 2007 estimates)*, by Emmanuel Saez, is available at <http://elsa.berkeley.edu/~saez/saez-UStopincomes-2007.pdf>.

Private IBM Contract for Welfare Services in Indiana Hits Snag

A ten-year, \$1.3 billion contract awarded to IBM and Affiliated Computer Services, Inc. in 2006 to take over the administration of health, welfare and nutrition programs for the state of Indiana has led to an array of problems that have led Indiana Governor Mitch Daniels to demand service improvements and to give IBM until early fall to make changes or risk having the contract cancelled. State legislators, hospitals and social services also met in a closed-door session last week to apply pressure for better services.

The contract was intended to automate the process of receiving benefits, and to streamline services for more efficiency by setting up a statewide calling system and an online document processing system. It was expected to result in \$500 million in administrative savings over ten years. High error rates, failure to process claims within federal guidelines, and the reduction in personal contact, however, are some of the reasons for concern with the status of the contract.

One issue has been that the automated system has led to a decrease in child support collections, as paternity action filings have steadily fallen since the contract’s implementation. The previous system allowed for personal contact and was more likely to result in the identification of a father for a paternity action than the automated system.

Child Support News

- The ACLU of Berks County, **Pennsylvania** has asked the state Supreme Court to release 18 indigent inmates who were not represented by lawyers when they were sentenced to jail for failing to pay child support. County judges have asked the court to deny the request, arguing that state law does not require the court to provide lawyers for these cases; however, in order to avoid litigation, the board of judges appointed lawyers for the contested child support cases and is holding new hearings with representation. Of the cases heard so far, six inmates have been released, five have been returned to jail, and seven have hearings pending. The ACLU has not dropped the petition to the state Supreme Court, because some of the clients are still incarcerated without lawyers. In Berks County, failure to appear at a child support conference when child support has not been paid results in an arrest warrant. If the case is not resolved in the domestic relations office, a judge can impose a sentence of up to six months in prison. During the month of July 2009, 133 child support defendants were jailed in the county.
- A recent **Indiana** Supreme Court decision finds that it is not appropriate to base the child support order of an incarcerated parent on income that was previously received, but is not available to the parent during the period of incarceration. The state is now reviewing its practices to establish child support orders in accordance with the parent's current ability to pay, and to ensure that appropriate enforcement measures are used for each case.
- **Texas** has implemented a new policy toward the establishment of paternity during incarceration. In the past, state policy allowed for the establishment of paternity by default when an incarcerated parent failed to respond to a paternity notice. This is no longer allowed unless the parent actually refuses a genetic test.

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